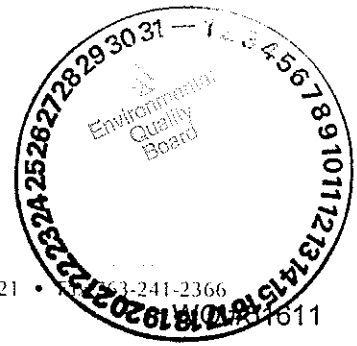


GREAT RIVER
ENERGY®

17845 East Highway 10 • P.O. Box 800 • Elk River, Minnesota 55330-0800 • 763-441-3121 • 763-241-2366
March 28, 2005



Mr. Bill Storm
MEQB
Power Plant Siting Staff
658 Cedar St. Rm 300
St. Paul, MN 55155

SUBJECT: Proposed Great River Energy Combustion Turbine and Transmission Line Upgrades

Great River Energy (GRE) is proposing to construct a natural gas-fired combustion turbine at its existing Cambridge Peaking Plant site to ensure sufficient and reliable electric service to its members' customers, including those of East Central Energy. Under Minnesota Rules 4400, GRE is required to obtain a site permit from the Minnesota Environmental Quality Board (EQB). An Environmental Assessment (EA) with Scoping is also required under federal regulations (Code of Federal Regulations Part 1794) where the Rural Utilities Service (RUS) serves as the lead agency.

GRE submitted an Alternatives Evaluation and Site Selection Study to the RUS on February 28, 2005, which initiates the EA process.

GRE also applied to the Minnesota Public Utilities Commission for a Certificate of Need for the project on February 28, 2005, which is a state permit confirming that the construction of the power plant is in the public interest.

GRE submitted a site permit application to the EQB on March 11, 2005 requesting that the application be processed under the alternative process outlined in Minnesota Rules 4400.2000 to 4400.2950. The EQB deemed the application complete on March 14, 2005.

Project Description

The project consists of constructing a natural gas-fired, simple cycle combustion turbine power generation facility at GRE's existing Cambridge Peaking Plant site located at 2438 349th Avenue NE, Cambridge Township, in Isanti County, Minnesota (see enclosed figure). Total electrical output from the facility is expected to range from 150 megawatts (MW) to 190 MW depending upon operating conditions.

The project will also require the upgrade of approximately 47 miles of existing 69-kilovolt (kV) transmission lines to state-of-the-art 69-kV design (see enclosed map)

Summary of the EQB Site Permit Process

The EQB is required to prepare an EA of the generating plant and to make a permit decision within six months of accepting the site permit application. As part of its process, the EQB will hold a public meeting about the project within 60 days of acceptance of the application. This meeting will also serve as the scoping meeting for the project in which the public will have an opportunity to comment on the scope of the EA. The scoping meeting for the EQB site permit and the RUS Environmental Assessment can be held as one meeting. The EQB will hold a public hearing on the application once the EA has been completed.

Summary of the RUS Environmental Assessment Process

The RUS is required to complete an EA with Scoping for the generating plant and the associated transmission facilities to enable the release of federal loan funds for the project. In addition to evaluating the proposed site, the RUS rules require that an alternative site be proposed. Great River Energy's Elk River campus at 17845 East Highway 10, Elk River, Minnesota is the proposed alternative site. The process requires that a scoping meeting be held in which the public has an opportunity to comment on the scope of the EA. The scoping meeting for the EQB Site permit and the RUS Environmental Assessment can be held as one meeting. The RUS will prepare an Environmental Report on the project and make a determination if it warrants a Finding of No Significant Impact.

Meeting Information

The EQB will conduct a public information meeting on Tuesday, April 19, 2005 from 6:00 p.m. to 9:00 p.m. at the Community Hall Building at the Isanti County Fairgrounds. The purpose of the meeting is to provide information to the public about the proposed project, to answer questions and to allow the public an opportunity to suggest alternatives and impacts that should be considered during preparation of the environmental review document. Written comments must be submitted no later than April 28, 2005.

The RUS will conduct 2 scoping meetings in Open House forum on Tuesday, April 19, 2005 from 6:00 p.m. to 9:00 p.m. at the Community Hall Building at the Isanti County Fairgrounds and on Wednesday, April 20, 2005 from 6:00 p.m. to 9:00 p.m. at Elk River Parks & Recreation, 1104 Lions Park Drive NW in Elk River, Minnesota.

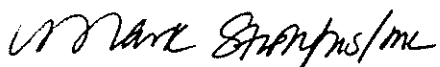
Where to Learn More

For more information about the EQB site permit application or to have your name included on the EQB contact list for this project, contact Bill Storm, Minnesota Environmental Quality Board, 658 Cedar St, St. Paul, MN 55155 or call 651-296-9535. TTY: Minnesota Relay Service 800-627-3529, and ask for Minnesota Planning.

For more information about the RUS Environmental Assessment, contact Nurul Islam, Environmental Protection Specialist, Rural Utilities Service, Engineering and Environmental Staff, 1400 Independence Avenue, SW, Washington, DC 20250-1571, telephone 202-720-1414, FAX: 202-720-0820, e-mail: Nurul.Islam@usda.gov.

Current information about the project and copies of project documents are available online at http://www.greatriverenergy.com/projects/plants/proj_plants.html. Project information may also be obtained by calling 763-241-2200 or you may call me at 1-800-442-3013 ext. 2491 or 763-241-2491.

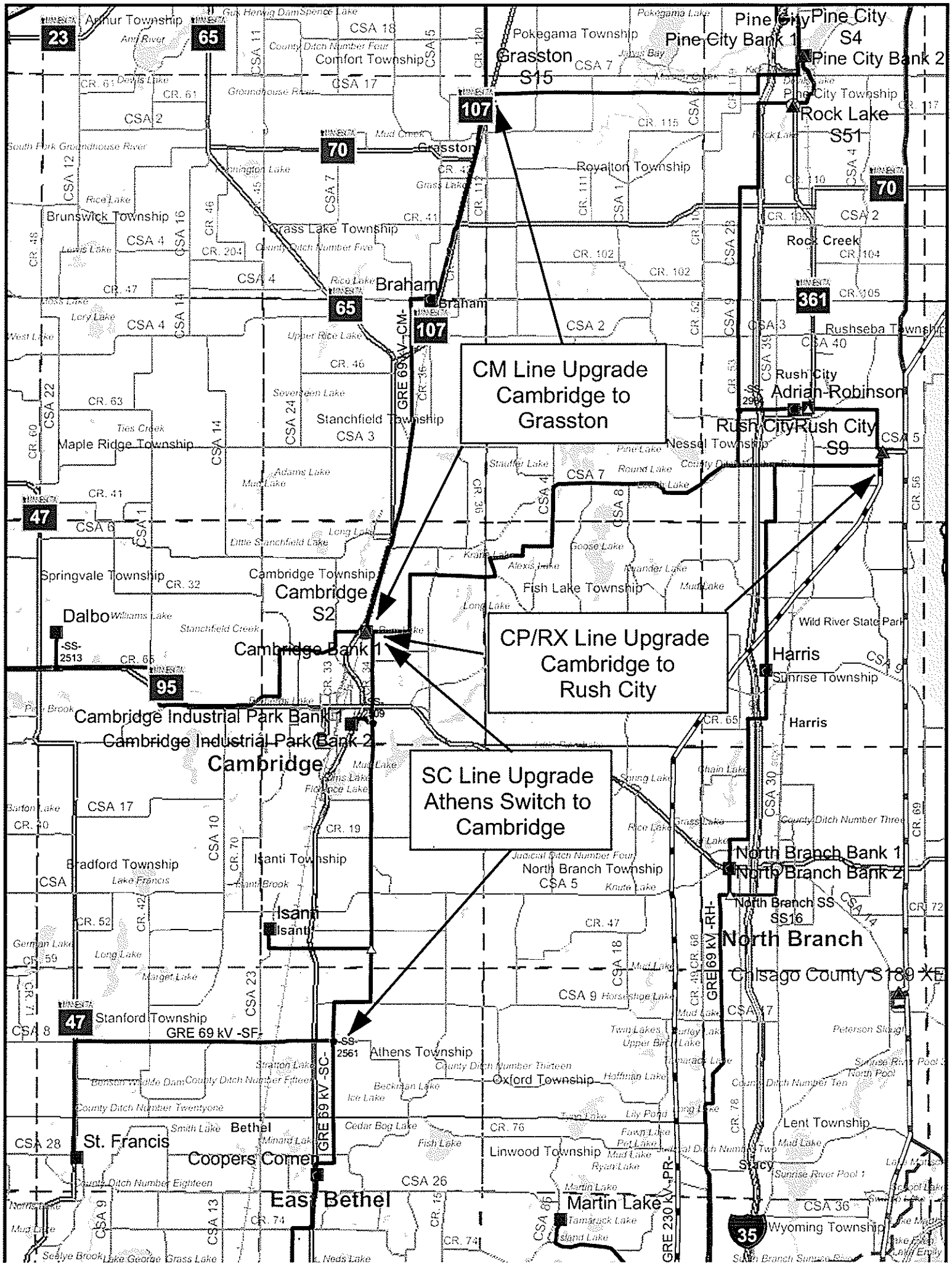
Sincerely,
GREAT RIVER ENERGY



Mark Strohfus
Environmental Project Leader

Enclosures

CC: Henry Fischer, East Central Energy – w/encls.



Meeting future energy needs

Building a peaking power plant

Great River Energy's service area stretches across Minnesota, including many areas that consistently have been leaders in job growth and energy usage. This growth is expected to continue as will the need for additional electric generating capacity.

To meet this need, Great River

Energy plans to

construct

Cambridge

Station, an

approximately

170-megawatt natural

gas-fired power gener-

ation facility in Cam-

bridge Township, Isanti

County. The plant will

be built on a site already

owned by Great River

Energy and adjacent to

an existing, smaller

generating unit.

Upon approvals

from state and

federal authorities,

construction will begin in spring 2006. The facility will start providing peaking power in spring 2007 to Great River Energy's 28 member cooperatives, including East Central Energy of Braham.

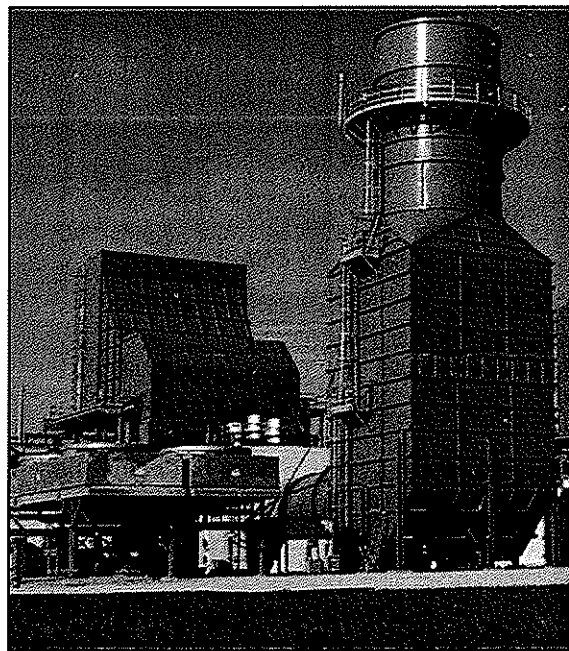
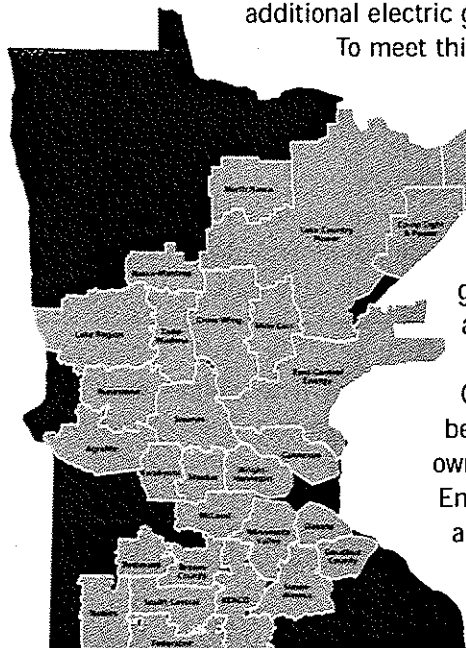
The facility will consist of a simple-cycle combustion turbine. The fuel for the facility will be natural gas, chosen for its low air emissions and ready availability from a nearby pipeline. The fuel supply will be provided on an interruptible basis, meaning the needs of other, higher priority uses, such as home heating, must be satisfied first.

Cambridge Station normally will be operated during times of peak electrical demand, which generally occur during periods of very high or very low temperatures. In addition, Great River Energy

occasionally may be called upon to operate the facility to support voltage on the area's transmission grid or for other grid support functions. Great River Energy anticipates Cambridge Station's total operating time will average 500 to 1,000 hours a year. The majority will occur during summer periods of significant air conditioner use.

Great River Energy plans to hire two to three full-time employees to perform maintenance tasks and monitor operations at the site. This staff will be supplemented with operators from other locations during periods of extended hot or cold weather.

Cambridge Station and the associated natural gas line and transmission upgrades for the facility will generate approximately \$350,000 a year in property taxes in Isanti County.



Cambridge Station, which will generate about 170 megawatts of electricity, will resemble the generating unit pictured above.

17845 East Highway 10
P.O. Box 800
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Phone: 763-241-2200
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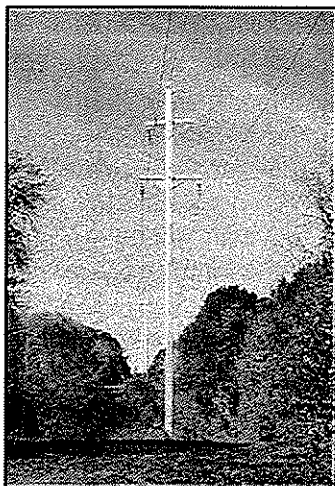
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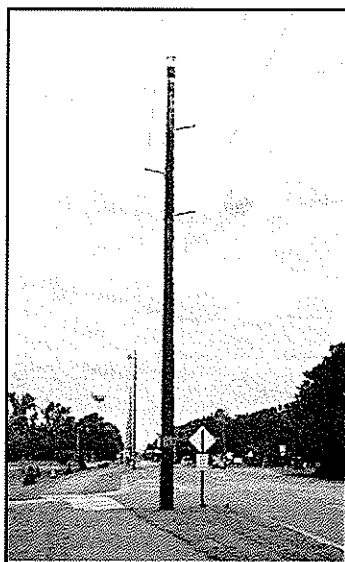
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TRANSMISSION FACILITIES

In conjunction with the construction of Cambridge Station, area transmission lines will be rebuilt and upgraded to modern standards. The project will include improvements to approximately 47 miles of existing 69-kV transmission line in the area. The voltage of these lines will remain the same, and the improvements should require no new line corridors. Improvements may include changing the poles, upgrading the wire size and adding lightning protection to improve the overall operation and reliability of the Cambridge area transmission system.



The photo above shows a typical existing transmission line. The photo to the right depicts a typical upgraded transmission line for the project.



ABOUT THE LOCATION

The Cambridge site was selected for several reasons in addition to its close proximity to a fuel supply. An existing Great River Energy peaking facility is already located at the site, making for efficient operations. By expanding the existing substation on the site, regional and local area transmission systems will benefit without the construction of new transmission lines.

The project also will include water storage equipment, a generator step-up transformer and modifications to Great River Energy's existing shop building.

Cambridge Station will be constructed on land Great River Energy currently owns. Additional land may be

PROPOSED PROJECT TIMELINE

File permit applications	Winter/Spring 2005
Transmission upgrades	Fall 2005
Obtain plant permits	Spring 2006
Begin construction	Spring 2006
Plant start-up	Spring 2007

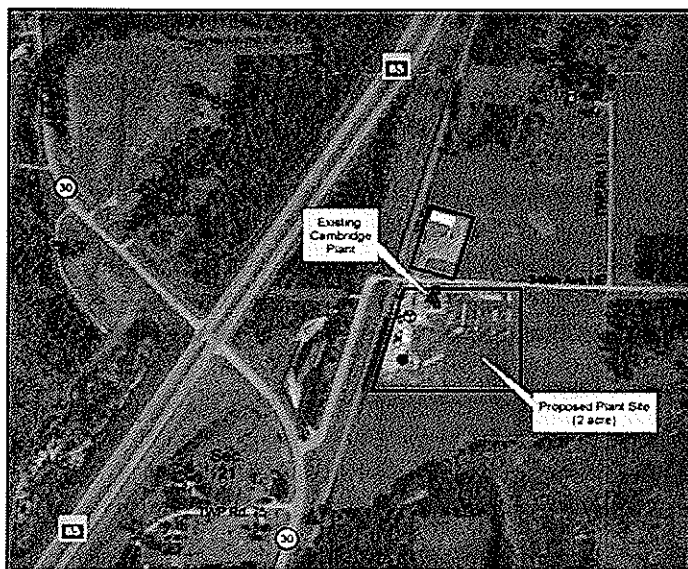
purchased to support construction activities and to ensure that future development by others is maintained at an appropriate distance from the facility. The natural gas supplier for the plant will acquire easements for the installation of 0.5 to 1 mile of underground gas line that will run from the proposed generating station south to an existing gas line.

ABOUT GREAT RIVER ENERGY

Great River Energy is a not-for-profit wholesale electric cooperative, serving 28 distribution cooperatives in Minnesota and covering 60 percent of the state, geographically. It is the second largest power supplier in Minnesota.

Over the last 10 years, Great River Energy's peak demand has grown an average of 5 percent. By comparison, national electric usage grew at just over 2 percent per year, according to the Energy Information Administration.

For more information about this project and Great River Energy, visit: www.GreatRiverEnergy.com or call 763-241-2200.



Cambridge Station will be located adjacent to an existing peaking plant owned by Great River Energy.